

United States District Court, District of Minnesota  
*Rasschaert v. Frontier Communications Corp.*  
Case No. 11-cv-02963 DWF/JSM

## NOTICE OF PENDENCY OF CLASS ACTION, PROPOSED SETTLEMENT, AND HEARING

*A court authorized this notice. This is not a solicitation from a lawyer.*

- If you paid Minnesota state or local taxes (“Internet Taxes”) to Frontier on amounts paid for receipt of Internet services on bills issued on or after October 11, 2005 you may be eligible to receive benefits from a class action settlement.
- The settlement resolves a class action lawsuit in which the plaintiffs allege that Frontier’s charging Minnesota customers for Internet Taxes violates the federal Internet Tax Freedom Act and Minnesota law.
- The two sides disagree about whether Frontier’s conduct was proper, whether Frontier would be liable if the taxes were improperly charged, and if so, the extent of any such liability. The parties have agreed to resolve the lawsuit by a settlement.
- Your legal rights are affected. Please read this notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
<b>Remain in the Settlement Class</b>	If you wish to receive benefits under the Settlement, you do not need to take any action at this time.
<b>Exclude Yourself</b>	Get no benefit. This is the only option that allows you to ever be part of any other lawsuit against Frontier about the legal claims being resolved in this settlement.
<b>Object</b>	Write to the Court about why you don’t like the settlement.
<b>Go To A Hearing</b>	Ask to speak in Court about the fairness of the settlement.

- Your rights and options—**and the deadlines to exercise them**—are explained in this notice.
- The Court still has to decide whether to approve this settlement, which may take some time. Please be patient.

QUESTIONS?  
VISIT [WWW.XXXXXXXXXX.COM](http://WWW.XXXXXXXXXX.COM) OR  
CALL 1-800-XXX-XXXX

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**CALL 1-800-XXX-XXXX**

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## BASIC INFORMATION

### 1. Why did I get this notice package?

You are receiving this notice because you have been identified as a potential member of a Settlement Class consisting of:

All persons or entities who received Internet service from Frontier in Minnesota and who were charged state or local taxes in connection with their receive of Internet service at any time from October 11, 2005 until the discontinuation of the collection of the Minnesota taxes pursuant to the Settlement Agreement.

Excluded from the class are (i) Frontier, any entity in which Frontier has a controlling interest or which has a controlling interest in Frontier, and Frontier's legal representatives, predecessors, successors and assigns; (ii) governmental entities; and (iii) the Court presiding over any motion to approve this Settlement Agreement.

As such, the Court sent you this Notice because you have a right to know about a proposed settlement of class action lawsuits, and about all of your options, before the Court decides whether to approve the settlement. If the Court approves the settlement, and objections or appeals relating to that settlement are resolved, the benefits provided for by the settlement will be available to Settlement Class members.

This package explains the lawsuit, the settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of the case is the United States District Court for the District of Minnesota, and the case is known as *Rasschaert v. Frontier Communications Corp.*, Case No. 11-cv-02963-DWF-JSM. The persons who sued are called the Plaintiffs, and Frontier Communications Corporation, Frontier Communications of America, Inc., Frontier Communications of Minnesota, Citizens Telecommunications Company of Minnesota, LLC, and Citizens Telecommunications Company of New York (collectively, "Frontier") are the Defendants.

### 2. What is the lawsuit about?

Plaintiffs allege (among other things) that Frontier charges Minnesota customers who receive Internet services for state or local taxes on amounts paid for Internet services in violation of the Internet Tax Freedom Act, 47 U.S.C. § 151, and Minnesota law. The Plaintiffs allege that Frontier is liable for damages to the Class and seek an injunction against the challenged conduct.

**QUESTIONS?**

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**CALL 1-800-XXX-XXXX**

Frontier believes that the Plaintiffs' factual and legal allegations in the lawsuits are incorrect and specifically denies all liability to the Plaintiffs and the Settlement Class. In the lawsuits, Frontier has denied the Plaintiffs' allegations and raised a number of defenses to the claims asserted.

This Notice does not imply that there has been any finding of any violation of the law by Frontier or that recovery could be had in a certain amount. Although the Court has authorized Notice to be given of the proposed settlement, this Notice does not express the opinion of the Court on the merits of the claims or defenses asserted by either side in the lawsuits.

### 3. Why is this case a class action?

Class actions are lawsuits in which the claims and rights of many people are decided in a single court proceeding. Representative Plaintiffs ("Class Representatives") are named in the lawsuit to assert the claims of the entire class of similarly situated people. Class actions provide a vehicle whereby people with similar claims are treated alike. In a class action, the court is guardian of class interests and supervises the prosecution of the class claims by Settlement Class Counsel to assure that the representation is adequate. Class members are not individually responsible for the costs or fees of counsel, which are subject to court award.

### 4. Why is there a settlement?

The Court did not decide in favor of the Class Representatives or Frontier. Settlement Class Counsel have investigated the facts and applicable law regarding the Class Representatives' claims and Frontier's defenses. The parties have engaged in lengthy and "arms-length" negotiations in reaching this settlement. The Class Representatives and Settlement Class Counsel believe that the proposed settlement is fair, reasonable and adequate and in the best interests of the class. Both sides agree that, by settling, Frontier is not admitting any liability or that it did anything wrong, but both sides want to avoid the uncertainties and expense of further litigation.

## Who Is In The Settlement

To see if you will get a benefit from this settlement, you first have to determine if you are a Class Member.

### 5. How do I know if I am part of the settlement?

You are a part of the settlement if you are or were a Minnesota customer of Frontier who received Internet service and paid state or local taxes for receipt of that service on bills issued on or after October 11, 2005.

**QUESTIONS?**  
**VISIT [WWW.XXXXXXXXXX.COM](http://WWW.XXXXXXXXXX.COM) OR**  
**CALL 1-800-XXX-XXXX**

Excluded from the class are (i) Frontier, any entity in which Frontier has a controlling interest or which has a controlling interest in Frontier, and Frontier's legal representatives, predecessors, successors and assigns; (ii) governmental entities; and (iii) the Court presiding over any motion to approve this Settlement Agreement.

6. I'm still not sure if I am included.

If you are still not sure whether you are included, you can ask for free help. You can visit [www.xxxxxxxx.com](http://www.xxxxxxxx.com) for more information.

## The Settlement Benefits—What You Get

7. What does the settlement provide?

If you determine that you are a member of the class, you may receive benefits under the Settlement. The Settlement provides:

Subject to a future law, regulation or ruling requiring, authorizing, or permitting collection of Internet Taxes from Minnesota customers, Frontier will cease charging the Internet Taxes as set forth in the Settlement Agreement. Frontier, on behalf of the Settlement Class, but at Frontier's expense, shall prepare and process refund claims for filing with the Minnesota Department of Revenue seeking a refund (with interest) of the Internet Taxes collected by Frontier from the Settlement Class and paid by Frontier to the Minnesota Department of Revenue. Frontier will file the refund claims. As part of the Settlement, Frontier has assigned any rights, title, and interest it may have in such refunds to the Settlement Class.

Payments to Settlement Class members will be made when the Minnesota Department of Revenue has issued a refund. Settlement Class Members each will receive his or her pro rata share of the net proceeds of the refund action, based on estimated amounts paid in Internet Taxes, after deduction of Court approved costs, expenses, and attorneys' fees and Class Representative Compensation.

All payments to Settlement Class Members who are customers of Frontier at the time of distribution shall be in the form of a credit to their account with Frontier. All payments made to Settlement Tax Class Members who are not customers at the time of distribution shall be made by check.

**QUESTIONS?**  
**VISIT [www.xxxxxxxxxxxx.com](http://www.xxxxxxxxxxxx.com) OR**  
**CALL 1-800-XXX-XXXX**

## How You Receive Settlement Benefits

### 8. How can I get a benefit?

To qualify for and receive benefits, you do not need to do anything. Your interest as a member of the Settlement Class will be represented by the Class Representatives and Settlement Class Counsel. You will be bound by any judgment approving or disapproving the Settlement. If the Settlement is approved, the Settlement Administrator will send you any monies that you are entitled to under the Settlement.

If you change your address, you must mail a notification of your new address to the Settlement Administrator.

### 9. When would I get my benefit?

The Court will hold a hearing on April 12, 2013 at 9:00 a.m. to decide whether to approve the Settlement. If the Settlement is approved, there may be appeals. Payments to Settlement Class members will be made after the Settlement is finally approved and after the Minnesota Department of Revenue issues a refund. This may take some time, so please be patient.

### 10. What am I giving up to get a benefit or stay in the class?

Upon the Court's approval of the settlement, the class members who do not exclude themselves will release and forever discharge Frontier Communications Corporation, Frontier Communications of America, Inc., Frontier Communications of Minnesota, Inc., Citizens Telecommunications of Company of Minnesota, LLC, and Citizens Telecommunications Company of New York, LLC (collectively, "Frontier"), and all of their predecessors and successors in interest, and any of their parents, members, subsidiaries, divisions, affiliates, officers, directors, employees, trustees, principals, attorneys, agents, representatives, vendors, shareholders, partners, and any other person acting on their behalf or on behalf of those in privity with Frontier, from any and all claims, demands, debts, liabilities, actions, causes of action of every kind and nature, obligations, damages, losses, costs, whether known or unknown, actual or potential, suspected or unsuspected, direct or indirect, contingent or fixed, that are alleged or could have been alleged in the operative Complaint, relating to Frontier's collection of state or local taxes in connection with customers' receipt of Internet service in the state of Minnesota, by Plaintiffs and the Settlement Class Members against Frontier.

"Unknown" claims as released herein means any and all claims that any member of the Settlement Class does not know to exist against Frontier which, if known, might have affected his or her decision to enter into or to be bound by the terms of this Settlement. The Plaintiffs and the members of the Settlement Class acknowledge that they may hereafter discover facts in addition to or different from those that they now know or believe to be true concerning the

**QUESTIONS?**

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subject matter of this release, but nevertheless fully, finally, and forever settle and release any and all claims, known or unknown, derivative or direct, suspected or unsuspected, accrued or unaccrued, asserted or unasserted, in law or equity, including, without limitation, claims that have been asserted or could have been asserted in the operative Complaint, relating to Frontier's collection of state or local taxes in connection with customers' receipt of Internet service in the state of Minnesota, by Plaintiffs and the Settlement Class Members against Frontier that they now have, ever had, or may have had as of the date the court grants final approval of the settlement. The foregoing waiver includes, without limitation, an express waiver to the fullest extent permitted by law, by the Plaintiffs and the Settlement Class members of any and all rights under California Civil Code § 1542 or any similar law of any other state or of the United States, which provides:

**A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MIGHT HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.**

In order to file a separate action asserting any of the settled claims, you must exclude yourself from the settlement.

## **Excluding Yourself From The Settlement**

### **11. How do I get out of the settlement?**

If you choose to be excluded from the Settlement Class, you will not be bound by any judgment or other final disposition of the lawsuits. You will retain any claims against Frontier you might have. To request exclusion, you must state in writing your desire to be excluded from the Settlement Class. You must sign your request for exclusion personally or by legal counsel. Your request must include: (1) your full name, current address, and address when you were charged Internet Taxes by Frontier; (2) your signature; and (3) a specific statement that "I want to be excluded from the Settlement Class." **The request for exclusion must be sent by first class mail, postmarked on or before March 15, 2013, addressed to:**

**Frontier Tax Settlement Administrator**  
**P.O. Box \_\_\_\_\_,** **\_\_\_\_\_ 00000-0000**

**If the request is not postmarked on or before March 15, 2013, your request for exclusion will be invalid,** and you will be included in the Settlement Class automatically. If you do not request exclusion, you will be bound by the terms of the settlement approved by the Court, including without limitation, the judgment ultimately rendered in the cases, and you will be

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barred from bringing any claims which arise out of or relate in any way to Frontier charging you Internet Taxes.

12. If I don't exclude myself, can I sue Frontier for the same thing later?

No. Unless you exclude yourself, you give up any right to sue Frontier for the claims that this settlement resolves. If you have a pending lawsuit, speak to your lawyer in that case immediately.

13. If I exclude myself, can I get benefits from this settlement?

No. If you exclude yourself, you are not part of the Settlement.

## The Lawyers Representing You

14. Do I have a lawyer in this case?

The Court has appointed Clint Rasschaert, Ed Risch, Verna Schuna, Eric Gedrose, and Justin Short as Class Representatives. The Court has appointed the following attorneys as Settlement Class Counsel:

E. Michelle Drake  
Rebekah L. Bailey  
Anna Prakash  
Nichols Kaster, PLLP  
4600 IDS Center  
80 South 8th Street  
Minneapolis, MN 55402

Matthew C. Helland  
Nichols Kaster, PLLP  
One Embarcadero Center  
Suite 720  
San Francisco, CA 94111

Settlement Class Counsel represent the interests of the Settlement Class. You may hire your own attorney to advise you, but if you hire your own attorney, you will be responsible for paying that attorney's fees.

**QUESTIONS?**  
**VISIT [WWW.XXXXXXXXXX.COM](http://WWW.XXXXXXXXXX.COM) OR**  
**CALL 1-800-XXX-XXXX**



15. How will the lawyers be paid?

Settlement Class Counsel will apply to the Court for an award of reasonable attorneys' fees and expenses and Class Representatives' compensation.

Settlement Class Counsel plan on seeking an order approving attorneys' fees that reflect the results obtained and the work and effort required finally to obtain recoveries for the Settlement Class, and will seek such recovery from the funds obtained for the Settlement Class. Settlement Class Counsel agree that they will seek a fee no greater than one-third of the amounts refunded by the Minnesota Department of Revenue to the Settlement Class. Settlement Class Counsel also will seek reimbursement for their reasonable out-of-pocket expenses incurred in pursuing this litigation on behalf of the Settlement Class from funds obtained for the Settlement Class under the Settlement Agreement. Finally, Settlement Class Counsel will seek compensation to the Class Representatives in an amount not to exceed \$2,500 for Class Representative Rasschaert and \$1,500 for any other representative from the funds obtained for the Settlement Class.

## Objecting To The Settlement

16. How do I tell the Court that I don't like the settlement?

You can object to any aspect of the proposed settlement by filing and serving a written objection. You must sign your objection personally or by legal counsel. Your objection must state your full name, current address and address when you were charged Internet Taxes by Frontier. You must also provide copies of any documents you intend to rely upon, the names and addresses of any witnesses who will appear at the hearing, and the name of any counsel representing you. Your deposition may be taken in order to determine the grounds for your objection. The deposition must be limited to topics relating to the objection. Your objection must state why you object to the proposed settlement and any reasons supporting your position.

If you intend to appear in person or through your own attorney at the April 12, 2013 Fairness Hearing described in Paragraph 18 below, you must include with your objection a notice of your intention to appear at the hearing.

**You must mail any objection, along with any notice of intent to appear, postmarked on or before March 15, 2013,** to Settlement Class Counsel and counsel for Frontier. These documents should be mailed to Settlement Class Counsel at:

E. Michelle Drake  
Rebekah L. Bailey  
Anna Prakash  
Nichols Kaster, PLLP  
4600 IDS Center  
80 South 8th Street

QUESTIONS?  
VISIT [WWW.XXXXXXXXXX.COM](http://WWW.XXXXXXXXXX.COM) OR  
CALL 1-800-XXX-XXXX

Minneapolis, MN 55402

These documents should be mailed to counsel representing Frontier at:

Archis A. Parasharami  
Kevin Ranlett  
Mayer Brown LLP  
1999 K Street, N.W.  
Washington, DC 20006

Any Settlement Class member who does not file and serve an objection in the time and manner described above will not be permitted to raise that objection later.

17. What's the difference between objecting and excluding?

Objecting is simply telling the Court that you don't like something about the settlement. You can object only if you stay in the Class. Excluding yourself is telling the Court that you don't want to be part of the Class. If you exclude yourself, you have no basis to object because the lawsuits no longer affect you.

## The Court's Fairness Hearing

18. When and where will the Court decide whether to approve the settlement?

There will be a hearing to consider approval of the proposed settlement on April 12, 2013, beginning at 9:00 a.m., at the United States District Court for the District of Minnesota, United States Courthouse, Courtroom 7C, 316 North Robert Street, Saint Paul, MN 55101. The hearing may be postponed to a later date without further notice. The purpose of the hearing is to determine the fairness, reasonableness, and adequacy of the terms of settlement; whether the Settlement Class is adequately represented by the Class Representatives and Settlement Class Counsel; and whether an order and final judgment should be entered approving the proposed settlement. The Court also will consider Settlement Class Counsel's application for an award of attorneys' fees and expenses and Class Representatives' compensation.

You will be represented at the hearing on the fairness of the settlement by Settlement Class Counsel, unless you choose to enter an appearance in person or through your own counsel. The appearance of your own attorney is not necessary to participate in the hearing on the fairness of the settlement.

19. Do I have to come to the hearing?

**QUESTIONS?**  
**VISIT [WWW.XXXXXXXXXX.COM](http://WWW.XXXXXXXXXX.COM) OR**  
**CALL 1-800-XXX-XXXX**

No. Settlement Class Counsel will represent the Class at the hearing, but you are welcome to come at your own expense. If you send any objection, you don't have to come to Court to talk about it. As long as you mailed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it's not necessary.

20. May I speak at the hearing?

You may ask the Court for permission to speak at the Fairness Hearing. To do so, you must send with your objection a notice of intention to appear at the hearing as described in paragraph 16 above. You cannot speak at the hearing if you excluded yourself.

## Getting More Information

21. Are there more details about the settlement?

This Notice is only a summary. For a more detailed statement of the matters involved in the lawsuits or the Settlement, you may refer to the papers filed in this case during regular business hours at the office of the Clerk of the Court, United States District Court for the District of Minnesota, Warren E. Berger Federal Building and United States Courthouse, 316 North Robert Street, Saint Paul, MN 55101. File: *Rasschaert v. Frontier Communications Corp.*, Case No. 11-cv-02963 DWF/JSM. The full Settlement Agreement and the pleadings filed in the cases is available on [www.xxxxxx.com](http://www.xxxxxx.com) or can be requested, in writing, from Settlement Class Counsel identified in Paragraph 14 above.

22. How do I get more information?

You can visit [www.xxxx.com](http://www.xxxx.com), or write Settlement Class Counsel at the address provided in paragraph 14 above. **Please do not contact the court for information.**

Dated: \_\_\_\_\_, 2012

Honorable Donovan W. Frank  
United States District Judge

QUESTIONS?  
VISIT [WWW.XXXXXXXXXX.COM](http://WWW.XXXXXXXXXX.COM) OR  
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